GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:2070
ANSWERED ON:01.12.2000
FALL IN PRICES OF TEA AND COFFEE
P.C. THOMAS

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(

(a) whether the prices of tea and coffee have fallen drastically;

(b) if so, the facts in this regard;

(c) whether tea and coffee growers are facing great difficulties as a result thereof; and

(d) if so, the action taken or proposed to be taken to save the tea and coffee growers?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY

(SHRI OMAR ABDULLAH)
(a) & (b) : Yes, Sir. The average all India auction prices of tea during 2000 for the period January to October declined to a level of Rs.62.44 per kg as against Rs.72.44 per kg over the corresponding period of 1999.
Regarding Coffee, the International prices have fallen due to over production and resultant surplus supply. Since nearly 80 % of the coffee produced in India is exported, fluctuations in International price have resulted in low realisations of prices. However, the domestic prices of both the varieties of the coffee are at present higher than the International prices.
(c) & (d) : In order to arrest the decline in prices of tea Govt. / Tea Board has taken various steps which include implementation of a scheme through the Tea Board with effect from

1.5.2000 wherein subsidy is provided to the small growers of tea (holding upto 10.12 hectares of tea plantation) for an amount equal to the shortfall between the auction price and Rs.55 per kg subject to a maximum of Rs.8 per kg., launch of a Quality Upgradation Programme in the Nilgris district of Tamil Nadu for improving quality of tea manufactured by small growers, increase in basic customs duty on tea from 15% to 35%, ban on sale of tea in the Domestic Tariff Area by 100% Export Oriented Units (EOUs) and units in Export Processing Zones(EPZs).
As regards Coffee, the Government of India through the Coffee Board, besides operating several plan schemes and development activities aimed at intensive cultivation, replanting, quality improvement and water augmentation, has also been providing necessary support in the form of agricultural research, extension, arrangement of credit and finance and other necessary backup support like supply of seed for planting purposes, etc. Further, thrust is being given for increasing productivity of coffee particularly in the Small Growers sector and improving quality of the product. The Board is also encouraging the large growers to produce specialty coffees, which fetch attractive premiums in developed countries like USA and European Union.
Although, consequent upon liberalization of coffee trade in 1996, the Coffee Board is no longer directly involved in the marketing activities and the prices are determined by the market forces of demand and supply, Government of India through Coffee Board closely monitors the market price situation and if situation warrants, will take suitable ameliorative measures so as to safeguard the interests of the coffee growers.